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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

March 25, 2008

The Honorable John Nelson, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Nelson and Senator Blendu:

Our Office has recently completed an 18-month followup of the Arizona Supreme Court—Administrative Office of the Courts—Information Technology and FARE Program regarding the implementation status of the 11 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in August 2006 (Auditor General Report No. 06-08). As the attached grid indicates:

- 5 have been implemented;
- 5 are in the process of being implemented; and
- 1 has not been implemented.

Our Office will continue to follow up at 6-month intervals with the Administrative Office of the Courts on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Melanie M. Chesney, Director
Performance Audit Division

MMC:Sjb
Attachment

cc: David K. Byers, Director
Administrative Office of the Courts, Arizona Supreme Court

ARIZONA SUPREME COURT—ADMINISTRATIVE OFFICE OF THE COURTS
INFORMATION TECHNOLOGY AND FARE PROGRAM
18-Month Follow-Up Report To
Auditor General Report No. 06-08

FINDING 1: Fundamentally sound program for managing technology projects could be improved

Recommendation	Status of Implementing Recommendation	Additional Explanation
1. AOC should improve its project management framework for internally developed information technology systems by:		
a. Continuing with its plans to develop and implement a formal risk management process that requires the identification of potential project risks and actions to mitigate these risks;	Implemented at 18 Months	
b. Establishing and implementing policies and procedures within its framework that require each project management team to develop a communication plan that specifies the various stakeholders to the project and the most effective form of communicating with these stakeholders; and	Implemented at 6 Months	
c. Establishing and implementing policies and procedures for conducting independent reviews of technology projects in order to monitor and assess project performance and status.	Implemented at 18 Months	

ARIZONA SUPREME COURT—ADMINISTRATIVE OFFICE OF THE COURTS

INFORMATION TECHNOLOGY AND FARE PROGRAM

18-Month Follow-Up Report To Auditor General Report No. 06-08

FINDING 1: Fundamentally sound program for managing technology projects could be improved (cont'd)

Recommendation	Status of Implementing Recommendation	Additional Explanation
2. AOC should develop and implement policies and procedures regarding the use of the project management framework, including requiring all information technology projects to use the framework and the circumstances under which projects will not be required to implement the full framework.	Implemented at 18 Months	
3. AOC and the Commission should improve oversight of state-wide information technology systems that individual courts are developing by:		
a. Entering into formal agreements with the courts that define the project scope, intended accomplishments, project processes and deadlines, and the commitment of project resources; and	Implementation in Process	The Commission on Technology's project management framework requires such things as a project scope and the commitment of project resources at a project's inception. However, since completion of the audit there have been no new projects started by courts with state-wide implications.
b. Implementing a formal risk assessment and management process that requires the identification of potential project risks and actions to manage these risks should they occur.	Implemented at 18 Months	

ARIZONA SUPREME COURT—ADMINISTRATIVE OFFICE OF THE COURTS

INFORMATION TECHNOLOGY AND FARE PROGRAM

18-Month Follow-Up Report To Auditor General Report No. 06-08

FINDING 2: Additional collections contract oversight and program monitoring needed

Recommendation	Status of Implementing Recommendation	Additional Explanation
1. AOC should address gaps that exist in the FARE program vendor contract by:		
a. Reviewing the contract and determining if any additional contract requirements need penalties, documenting these determinations, and adding penalties as necessary; and	Not Implemented	The current contract expires in June 2008 and AOC stated that it anticipates addressing these changes at that time.
b. Revising the contract to include a requirement for an annual general assurance audit, including identifying specific areas it would like addressed. Additionally, AOC should request a copy of the audit annually and review it to ensure that the vendor's internal controls adequately safeguard AOC's information and other assets.	Implementation in Process	AOC has obtained and reviewed a copy of its vendor's general assurance audit and it intends to include a requirement for this audit in the next contract after the current contract expires in June 2008. AOC reported that its review of the audit revealed no concerns about the vendor's internal controls.
2. AOC should improve its oversight of the FARE program vendor and contract by establishing and implementing processes for monitoring the vendor's compliance with the contract, including specifying:		
a. How frequently contract requirements will be monitored for compliance; and	Implementation in Process	AOC has begun to identify how frequently it will monitor vendor compliance with various requirements.

**ARIZONA SUPREME COURT—ADMINISTRATIVE OFFICE OF THE COURTS
INFORMATION TECHNOLOGY AND FARE PROGRAM**

**18-Month Follow-Up Report To
Auditor General Report No. 06-08**

FINDING 2: Additional collections contract oversight and program monitoring needed (concl'd)

Recommendation	Status of Implementing Recommendation	Additional Explanation
b. Procedures that AOC staff should perform to verify vendor reports of compliance with the contract requirements.	Implementation in Process	According to AOC, it has designed new vendor compliance reports. AOC reports that it will begin getting regular reports in April 2008.
3. AOC should develop and implement performance measures for FARE, and establish and implement policies and procedures to collect and validate the data needed to support the performance measures that it develops.	Implementation in Process	AOC reported that it has developed a performance measure proposal and is awaiting review from the FARE Advisory Committee in April 2008.